

# Imports DO NOT Dominate Russia's Food Supplies

*Despite perceptions to the contrary, Russia's food security is not imperiled by the precipitous drop in agricultural imports that followed the ruble's collapse last year.*

**William Liefert & Olga Liefert**



United States  
Department of Agriculture



Economic Research Service  
Market and Trade Economics Division

Photo courtesy of



Russian International Airlines

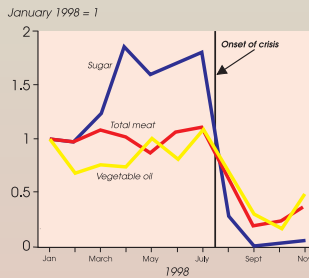
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## Why the Concern About Imports?

Russia's economic crisis has triggered concerns about the country's food security.

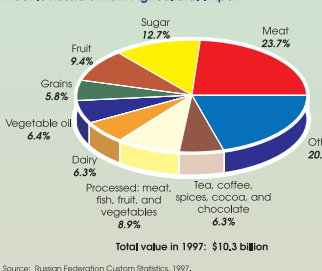
- There is a widespread belief that Russia imports over half of its food.
- Since the crisis hit in summer 1998, Russia's food imports have fallen by about three-quarters.
  - Consumer income has dropped, reducing demand for food.
  - Domestic prices for imported food have soared, as the ruble has depreciated about 80 percent vis-a-vis Western currencies.
- If Russia is indeed heavily dependent on food imports, a large fall in imports could threaten food security.

As Crisis Hit, Major Food Imports Plummeted

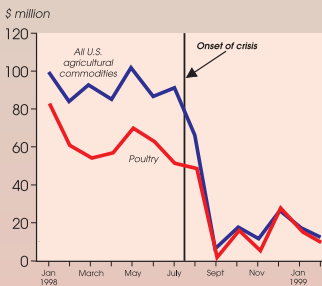


## What IS the Share of Imports in Russia's Food Consumption?

Meat Is Russia's Main Agricultural Import



Poultry Is the Chief Import from the U.S.



There is no direct way to gauge the relative importance of imports in Russian diets, but this three-step calculation provides a reasonable measure:

**Step 1: Estimate the value of food imports measured in ruble retail prices by:**

- Multiplying the volume of goods imported by the ruble retail prices for corresponding processed products, which adds to the value of foodstuffs the costs of processing, internal transportation, and retail sale.
- Adjusting for underreporting of imports by Russian official trade statistics by increasing the ruble retail value of imports about 30 percent. The Russian statistics do not include:

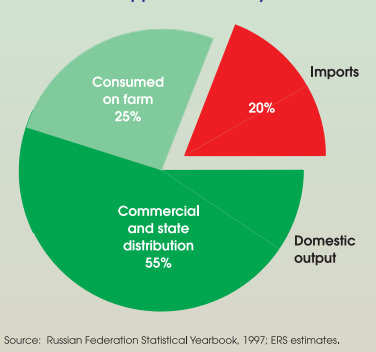
- Barter trade between entities below the national government level.
- "Shuttle trade" by small-level traders among the Newly Independent States (former Soviet Union).

**Step 2: Estimate the value of total Russian food consumption in retail prices. Adjust to include:**

- Agricultural output consumed on farms.
- Food distributed by the state to entities such as the military, hospitals, and orphanages.

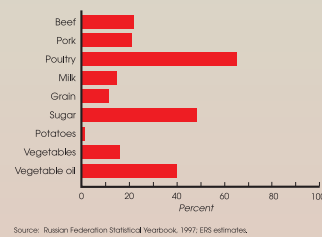
**Step 3: Divide the value of food imports by the value of food consumption.**

Russia's Food Supplies Are Mainly Home Grown



Imports Claim a Small Share of Russia's Food Consumption

Although Russia's import dependence is high for poultry, sugar, and vegetable oil, the three products account for only about 18 percent of all consumer expenditures on food.



*"If anything, our calculations overstate imports' share of Russian food consumption. To determine appropriate ruble retail prices for imports, we chose the most highly processed and expensive domestic 'equivalents.' In contrast, to adjust the value of total Russian food consumption to include output consumed on farms, we used a low estimate of such output."*

—William and Olga Liefert

## The Concerns Are Unfounded

The crisis-induced drop in food imports is not a threat to Russia's food security.

- In 1997 imports accounted for about 20 percent of Russia's total food consumption.
- Only the large cities, such as Moscow and St. Petersburg, import over half the food they consume. Medium- to small-sized cities and towns, as well as the countryside, import only a small fraction of their food.
- Poultry is the ONLY major foodstuff for which imports provide over half of consumption.